

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 STR-04 SS-15 NSC-05 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01

SP-02 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 PA-01 PRS-01

USIA-06 /078 W

----- 024485

R 051235Z MAY 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8805

INFO ALL EC CAPITALS 629

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PASS STR

E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJECT: SOAMES/DENT DISCUSSIONS OF MTN, MAY 22

REF: A. EC BRUSSELS 3829 B. STATE 96221 C. EC BRUSSELS 2911

D. EC BRUSSELS 3891

1. BEGIN SUMMARY: THE MAY 22 MEETING BETWEEN SOAMES AND DENT SHOULD PERMIT DISCUSSION NOT ONLY IN IMMEDIATE OPERATIONAL ISSUES BUT ALSO OF EC AND US OVERALL OBJECTIVES AND STRATEGY FOR THE MTNS. IF TIME ALLOWS, IT MIGHT ALSO BE POSSIBLE TO HAVE A USEFUL FIRST EXCHANGE ON THE SUBSTANTIVE ISSUES. END SUMMARY.

2. THE MISSION'S ASSESSMENT OF THE SITUATION CONFRONTING THE US AND THE EC IN THE MTNS IS GIVEN IN REF C(PARAS 12-14). WE ARE HAPPY THAT OUR RECOMMENDATION THAT AMBASSADOR DENT MEET WITH SOAMES TO DISCUSS THE SCENARIO FOR THE MTNS IS BEING ACTED ON SO PROMPTLY.

3. IT IS INEVITABLE THAT CERTAIN IMMEDIATE OPERATIONAL ISSUES WILL BE DISCUSSED. FOR EXAMPLE, IF THE CURRENT IMPASSE OVER

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THE HANDLING OF AGRICULTURE IN THE MTNS CANNOT BE RESLOVED

EARLIER, IT WILL HAVE TO BE TAKEN UP IN THE MAY 22 MEETING.

4. BUT WE THINK OUR PRIMARY PURPOSE SHOULD BE TO REACH AGREEMENT ON AN OVERALL APPROACH TO THE MTNS. (THIS IS IN FACT ONE OF THE MANY REASONS FOR SEEKING TO RESOLVE THE AGRICULTURAL PROCEDURAL ISSUE AS QUICKLY AS POSSIBLE.) THE QUESTION OF THE "MANAGEMENT OF THE NEGOTIATIONS" SHOULD COME FIRST. HOWEVER, A FIRST EXCHANGE ON THE SUBSTANTIVE ELEMENT WOULD ALSO BE USEFUL.

5. THERE ARE A NUMBER OF QUESTIONS WHICH NEED TO BE ADDRESSED UNDER THE HEADING OF NEGOTIATION MANAGEMENT OVER THE MEDIUM AND LONG TERM. AMONG THESE ARE THE FOLLOWING:

A. WHAT SHOULD BE THE TIMING AND PACE OF THE NEGOTIATIONS FROM HERE ON OUT? IS IT MORE IMPORTANT TO ATTEMPT TO MAKE PROGRESS QUICKLY IN ORDER TO KEEP UP MOMENTUM AND DIFFUSE PROTECTIONIST PRESSURES OR IS IT WISER TO TAKE INTO ACCOUNT THE CURRENT UNFAVORABLE ECONOMIC CONDITIONS AND THE PROSPECT THAT ANY AGREEMENT CONCLUDED UNDER THE CURRENT CIRCUMSTANCES IS LIKELY TO CONTAIN LESS THAN MAXIMUM LIBERALIZATION. WHAT EFFECT WILL 1976 US PRESIDENTIAL ELECTIONS HAVE ON THE TIMING AND PACE?

B. SHOULD WE ATTEMPT TO CONCLUDE A SERIES OF MINI-PACKAGES PARTICULARLY IN THE NTB AREA (STANDARDS, GOVERNMENT PROCUREMENT) IN ORDER TO (1) DEMONSTRATE PROGRESS, AND (2) TEST THE NEW CONGRESSIONAL NTB PROCEDURES OR DOES CONCENTRATION ON IMMEDIATE PACKAGES WEAKEN THE EFFORT TOWARD A FINAL COMPLETE PACKAGE AND REDUCE THE INTEREST OF SOME PARTICIPANTS IN EVENTUAL MAJOR LIBERALIZATION? (THE COMMUNITY IS SKEPTICAL ABOUT NTB CODES AND DOUBTS THAT THEY ARE NECESSARILY SELF-BALANCING.)

C. HOW CAN WE INSURE THAT THE US AND EC WILL CONSULT CLOSELY ABOUT PROCEDURAL MOVES, ABOUT TAKING INTO ACCOUNT THE EFFECTS ON THE NEGOTIATIONS OF CHANGES IN THE ECONOMIC SITUATION AND ABOUT AVOIDING SURPRISES. SUCH CLOSE CONSULTATION WOULD NEED TO CONSIST OF AT LEAST TWO PARTS: (1) GENERAL CONSULTATIONS AT A HIGH LEVEL ON DIRECTION, PACE AND STRATEGY FOR THE NEGOTIATION, AND (2) SUCCESSFUL AVOIDANCE OF SURPRISE MOVES BY EITHER SIDE AT THE DELEGATION-LEVEL SO THAT NEITHER LAUNCHES A MAJOR ENDEAVOR OR TIMING MANEUVER WITHOUT HAVING LIMITED OFFICIAL USE

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CONSULTED THE OTHER.

D. WHAT IS THE RELATION OF THE GENEVA MULTILATERAL TRADE NEGOTIATIONS TO OTHER NEGOTIATIONS, E.G., GRAINS TALKS AT LONDON, RAW MATERIALS DISCUSSIONS THAT MAY BE UNDERTAKEN IN OTHER FORA, MONETARY NEGOTIATIONS AT THE IMF, ETC.

E. HOW DO WE HANDLE LDC PRESSURES?

6. THE SUBSTANTIVE ELEMENTS SEEM TO US TO BE THE FOLLOWING:

A. TARIFFS: HOW DO WE RECONCILE THE EC INSISTENCE ON HARMONIZATION, WITH THE OTHER AIMS OF LIBERALIZATION AND RECIPROCITY, PARTICULARLY IN LIGHT OF US LEGISLATION?

B. NON-TARIFF BARRIERS: HOW DO WE BRING THE COMMUNITY ALONG ON A STANDARDS CODE, GOVERNMENT PROCUREMENT AND ON THE POSSIBILITY OF NEGOTIATING ON SUBSIDIES DIRECTLY RATHER THAN APPROACHING SUBSIDIES THROUGH A FIRST FOCUS ON COUNTER-VAILING DUTIES?

C. AGRICULTURE: CAN WE GET OFF THE PURELY PROCEDURAL DEBATE AND GET ON TO A SUBSTANTIVE EXCHANGE ON WHAT EACH SIDE IS SEEKING.

D. REFORM OF THE INTERNATIONAL TRADING SYSTEM: WHAT ARE THE POSSIBILITIES OF RECONCILING THE US LEGISLATIVE REQUIREMENT FOR GATT REFORM WITH THE COMMUNITY'S SUSPICION THAT GATT REFORM OFFERS MORE HAZARD THAN REGARD TO THE INTERNATIONAL TRADING SYSTEM?

E. LDCS: WITH THE NEW COHESION AMONG LDCS AND THEIR EXTREME POSITION ON A NEW INTERNATIONAL ECONOMIC ORDER, HOW FAR SHOULD WE GO IN USING THE NTNS TO MEET THEIR DEMANDS?

7. THIS CABLE WAS CLEARED WITH AMBASSADOR GREENWALD PRIOR TO HIS DEPARTURE. MYERSON

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGRICULTURAL DEVELOPMENT, AGREEMENT DRAFT, NEGOTIATIONS, MINISTERIAL VISITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ECBRU03943  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750156-0969  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750578/aaaactse.tel  
**Line Count:** 137  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 EC BRUSSELS 3829, 75 STATE 96221, 75 EC BRUSSELS 2911  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2003 by Izenbel0>; APPROVED <15 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SOAMES/DENT DISCUSSIONS OF MTN, MAY 22  
**TAGS:** ETRD, EEC, (DENT, FREDERICK B), (SOAMES, CHRISTOPHER)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006